Year	No. of airports in losses
1993-94	81
1994-95	79
1995-96	81

Revamping of Financial Institutions

2254. SHRI RAHASBIHARIBARIK: Will the Minister of FINANCE be pleased to state:

(a) whether Government had a proposal to revamp some financial institutions;

(b) if so, the name of those financial institutions;

(c) whether Unit Trust of India (UTI) is one of them; and

(d) if so, the steps taken in that direction;

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) Yes, Sir. The two all India Financial/investment institutions are:—

(i) Industrial Reconstruction Bank of India (IRBI); and

(ii) Unit Trust of India (UTI)

(d) As announced in the Finance Minister's speech on the Budget for 1996-97, Government propose to transform the IRBI into a full fledged, all purpose development finance institution.

As regards UTI, Government have initiated steps to re-organise UTI in such a way that it comforms to the regulatory regime of the Securities and Exchange Board of India.

Fall in Foreign Exchange Reserves

2255. SHRIMATI VEENA VERMA:
SHRI SUSHIL KUMAR:
SAMBHAJIRAO SHINDE:
SHRI RAJUBHAIA PARMAR:

Will the Minister of FINANCE be pleased to state:

(a) whether foreign exchange reserves fell too low in June this year, if so, the comparative forex-figures at the end of June 1996,1995 and 1994;

(b) the reasons for this fall in reserves; and

(c) the steps taken to improve the position?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) India's foreign exchange reserves (comprising foreign currency assets of the RBI, gold held by the RBI and SDRS) as at the end of June, 1996 was US $ 22,091 million which could not be considered too low in the current financial year since it was still higher than the reserves in April and May. Foreign exchange reserves as at the end of the June, 1996, 1995 and 1994 are given below:—

India's Foreign Exchange Reserves:

(US $ million)

	End June, 1994	End June, 1995	End June, 1996
Foreign Currency Assets	16,372	19,601	17,520
Gold	4,093	4,457	4,437
SDRs	45	95	128
Total	20,510	24,153	22,091

(b) During 1995-96, a sharp rise in imports moderation in capital inflows, and the servicing of external debt resulted in a decline in the level of reserves. Since March, 1996 however, there has been a steady accretion to the reserves.

(c) Several measures have been undertaken both by the Government and the RBI to improve the foreign exchange supply position. The trade and exchange rate policies have been suitably devised to lend effective support for achieving a dynamic export growth and import substitution in a cost effective manner. Most recent measures focus on accelerating the receipts of export proceeds end on increasing the cost of import finance. Non-debt creating foreing investment flows are encouraged through adoption of liberal foreign investment policy measures. To enable banks to mobilise non-resident deposits, the RBI has relaxed the Cash Reserve Ratio requirements in respect of NRE deposits. The Statutory Liquidity Ratio (SLR) in respect of NRE deposits was reduced from 30 per cent to 25 per cent and the interest rate on NRE term deposits of over two years was freed.